

would be used to pay routine bills. Savings could be withdrawn after age 59½ and taxed as ordinary income.

Proponents say the accounts would discourage waste because initial outlays would come from personal savings. The accounts would also provide coverage without herding people into managed care or government coverage. But critics point out that the accounts will appeal mostly to wealthy people because they can afford steep deductibles, and healthy people because they can expect to save money on a tax-free basis. The accounts would encourage healthy people to split off from traditional coverage, leaving the chronically ill to buy coverage at sky-high rates.

Yet good health can be transitory, giving holders of medical savings accounts a false security. Once they become ill, they may regret having given up traditional coverage. Indeed, they may try to manipulate the system by hopping back into traditional coverage when they expect large bills. The better alternative is for all Americans to buy coverage together, creating a vast pool of customers that will guarantee affordable premiums for everyone regardless of medical condition.

The Administration understands the problem, but wants to walk into November having signed a health-care bill. It is covering its tracks by saying that all it is negotiating is a pilot program. But the Republicans plan to offer the accounts to tens of millions of employees at small businesses. After three years, Congress will be asked to make the accounts permanent and universal.

It is thus highly likely that today's experiment will become tomorrow's permanent program. The vast majority of Americans are healthy. Because they will profit from a medical savings account, at least in the short term, they will resist any effort by Congress to strip them of their tax-free benefit. A true test of the savings accounts would be limited in size and require at least six years—enough time to observe what happens when sizable numbers of account-holders become chronically ill. A valid test would also experiment with different formulations in order to test what plan works best.

In 1993, the White House stood for the principle of covering every American through common insurance pools. That was a fine principle, even if the legislation it proposed proved to be a medical monstrosity and a political albatross. Now the Administration seems to be heading in the opposite direction, where fortunate individuals take care of themselves and leave others to do as best they can.

Mr. KENNEDY. The Seattle Times stated on June 17,

There is absolutely no reason to hold the Kennedy-Kassebaum bill hostage to MSAs. Let a good widely supported insurance reform measure pass standing alone.

The St. Louis Post-Dispatch said on June 1,

The Kennedy-Kassebaum bill to protect health benefits of workers who change jobs or face a serious illness is a good one. A House bill also includes these provisions, along with the misguided plan to give Americans the choice of opening so-called medical savings accounts to cover some of their health expenses. In fact, these accounts would give tax breaks to wealthy Americans, who need them least; moreover, the accounts would do nothing to help the uninsured, not-

withstanding claims by GOP leaders. If many working Americans are too poor to buy health insurance, what makes the party think these workers would be able to put aside money for a medical savings account?

The Pittsburgh Post-Gazette said on May 7,

Thumbs down on Medical Savings accounts . . . [They] should not be allowed to block passage of . . . Kennedy-Kassebaum."

The Star-Ledger of Newark, NJ, said on May 29,

Kennedy-Kassebaum was supposed to guarantee that workers can take their employee health benefits with them when they are downsized, out-sourced, or otherwise put out of a job. Since then, a horde of amendments have been added . . . Some are bad, such as the proposal for medical savings accounts, a new tax shelter for the wealthy. None of them . . . should have been tagged on to the Kennedy-Kassebaum bill, and you have to wonder whether some of those supporting these add-ons might not be out to sink the measure under the weight of the amendments.

The St. Petersburg Times said on June 11,

Dole claims to support the major provisions of the Kassebaum-Kennedy legislation . . . However, Dole and other Republicans have insisted on weighing the bill down with a provision that would create tax-deductible Medical Savings Accounts—a radical plan to subsidize wealthy taxpayers that could threaten the solvency of insurance plans for less affluent Americans.

And just last Saturday, the New York Times wrote,

The fight over medical savings accounts goes to the heart of the health care debate. No one can say for sure what damage the accounts would cause. But they are threatening to divide rich from poor, healthy from sick, young from old.

These editorials are just a sampling of commentary around the Nation. There is no clamor for medical savings accounts, except from the special interests who see yet another opportunity to profit at the expense of people who need medical care. Indeed, responsible voices throughout the country urge rejection of this dangerous and untested idea. It is time for Republicans to stop playing special interest politics with health insurance reform. The Kassebaum-Kennedy bill passed by a bipartisan vote of 100 to 0. It should not be blocked because some Republicans want to line the pockets of their campaign contributors. Health insurance reform is too important to become just another election year casualty of extremist Republican political tactics.

Mr. President, the MSA's are a golden lifeboat for Golden Rule's sinking ship. If we have ever had a classic bailout for private special interests, this is it. This is not what I am saying here tonight. It is what the hometown newspaper of Golden Rule, a conservative newspaper, has described it as, and in the meantime, the Republican leader-

ship is refusing to let us get what has been agreed on, a bipartisan program signed by the President of the United States into law, because we are being held hostage to Golden Rule Insurance Co. That is the fact of the matter. Of course, they want their hand in the Federal Treasury. Of course, they want the American taxpayers to bail them out. Who would not, with declining sales in this market, and you can understand why they have declining sales.

It is time for Republicans to stop playing special interest politics with health insurance reform. The Kassebaum-Kennedy bill passed by a bipartisan vote of 100 to nothing. It should not be blocked because some Republicans want to line their pockets with campaign contributions. Health insurance reform is too important to become just another election year issue.

Mr. President, I hope that we are going to be able to see that this legislation is passed. We welcome the opportunity, as we did last Friday and this evening, to point out the flaws both of the companies that have been receiving and would receive the benefits from this effective tax giveaway.

The Joint Economic Committee estimated that if there was going to be a million Americans who were going to participate in this program, the costs to the Federal Treasury in 10 years is \$3 billion—for 1 million people. And you have 120 million Americans who are working and you have their family members. The Republican proposals would include all the companies with employees of less than 100, some 47 million working, a third of all Americans, in a program that is untested, untried. You can imagine what that would mean in terms of opening up the Federal Treasury.

There is no justification, there is no rationale, there is no reason, there is no meaning to deny 25 million Americans who have these preexisting conditions the protection that they need and their families deserve. We have a responsibility to do it. We have developed bipartisan legislation. Release the hold that these insurance companies have on the Republican leadership and let us do something decent for the American people and for hard-working families across this country.

Mr. President, I yield the floor.

ADJOURNMENT UNTIL 9:30 A.M.
TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate is adjourned until 9:30 a.m., Tuesday, June 25.

Thereupon, at 6:58 p.m., the Senate adjourned until Tuesday, June 25, 1996, at 9:30 a.m.